

September 2020 Employment Analysis (Embargoed until 10 am Thursday, October 15, 2020)

Overview

- The unemployment rate dropped substantially in September, down to 6.0% from 7.4%. However, this was due entirely to people dropping out of the labor force rather than moving into employment. The number of unemployed dropped 47,868 while the number of employed dropped 8,431 for a total loss of 56,299 in the labor force.
- Minnesota's jobs picture continued to improve in September although more slowly than in previous months with the addition of 14,800 payroll jobs, up 0.5% from August. The private sector added 21,000 jobs, up 0.9% and Government lost 6,200 jobs, down 1.5%.
- All but two sectors saw seasonally adjusted gains over the month. Gains were led by Educational and Health Services, up 6,100 jobs or 1.2% entirely in health care & social services, followed by Professional & Business Services up 5,600 or 1.5% with gains in both Management of Companies and Administrative & Support Services. Manufacturing added 2,400 jobs, up 0.8% with gains split evenly between Durable and Nondurable Goods. Leisure & Hospitality added 1,600 jobs, up 0.8%, with the gains in Accommodations & Food Services while Arts, Entertainment & Recreation lost 300 jobs over the month. Financial Activities added 1,500 jobs, Information added 1,000 jobs, Construction added 900 jobs and Mining & Logging added 100 jobs over the month.
- Other Services lost 100 jobs, down 0.1% and Government lost 6,200 jobs, down 1.5% with losses across all three component industries, Federal, State and Local Government.
- Minnesota lost 387,800 jobs from February through April and has since gained 189,200 jobs from April through September 2020 on a seasonally adjusted basis.
- Over the year in September, Minnesota shed 203,521 payroll jobs, down 6.8%, while the private sector shed 172,573 jobs, down 6.7%. These were both improvements from August's over the month declines of 7.3% and 7.6%. U.S. over-the-year job loss stood at 6.4% with the private sector down 6.9% in September.
- All supersectors continued to show over-the-year job loss in MN and nationally.
- In Minnesota, over the year job loss were still greatest in Leisure & Hospitality, down 25.4% or 71,594 jobs, Logging & Mining down 15.2% or 1,037 jobs, Information down 13.4% or 6,271 jobs and Other Services, down 10.7% or 12,165 jobs over the year. All four of these sectors showed improvement from August.
- Minnesota's private sector shows strength compared to the nation, with an over the year decrease of 6.7% compared to the nation at 6.9%. Four sectors are now driving this strength:
 - Trade, Transportation & Utilities is down 1.5% in Minnesota compared to 3.6% nationwide over the year. Once again, strength here was in Retail Trade, which is up by

4,939 jobs, or 1.7% over the year, mostly in Food & Beverage and General Merchandise stores. Nationally, Retail Trade continued to lose jobs over the year, down 2.8%.

- Professional & Business Services is down 2.5% in Minnesota compared to 5.8% nationwide. Minnesota's strength was in Administrative & Support & Waste Services, down only 39 jobs from last year or 0.0% compared to a drop of 9.8% nationwide. Within that, Employment Services (temp help), rose 2.3% in MN compared to a drop of 14.7% nationwide over the year. Management of Companies also showed strength in Minnesota, down 2.5% compared to 3.5% nationwide in September over the year.
- Manufacturing fell 4.8% in MN compared to 5.1% nationwide over the year in September. The strength here was in Nondurable Goods, particularly Food Manufacturing where Minnesota grew by 0.9% over the year while nationally employment fell by 2.3%.
- Logging & Mining fell 15.2% in MN compared to 16.1% nationwide.

September Over The Year (OTY) Employment Change By Industry Sector (Not Seasonally Adjusted)			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate
Total	-203,521	-6.8	-6.4
Private	-172,573	-6.7	-6.9
Logging & Mining	-1,037	-15.2	-16.1
Construction	-9,431	-6.7	-3.7
Manufacturing	-15,523	-4.8	-5.1
Trade, Transport. & Utilities	-7,835	-1.5	-3.6
Information	-6,271	-13.4	-8.8
Financial Activities	-4,953	-2.6	-1.1
Prof. & Business Services	-9,765	-2.5	-5.8
Ed. & Health Services	-33,999	-6.2	-4.7
Leisure & Hospitality	-71,594	-25.4	-21.7
Other Services	-12,165	-10.7	-7.8
Government	-30,948	-7.3	-3.7

Wage and Hour Data

- Average hourly earnings for all private sector workers rose by 10 cents to \$31.79 in September over the month. Over the year average hourly earnings rose \$1.10, up 3.6%.
- At 33.9 hours per week, the average work week fell one-tenth of an hour over the month and 0.6% from a year ago.

Unemployment Data

- Minnesota's unemployment rate dropped further to 6.0% in September from 7.4% in August on a seasonally adjusted basis, and down from a peak in May of 9.9%. The U.S. unemployment rate was 7.9%, down from 8.4% in August.
- The drop in Minnesota's unemployment rate was due entirely to people dropping out of the labor force rather than moving into employment. The number of unemployed dropped 47,868 while the number of employed fell by 8,431 for a total loss of 56,299 for the labor force.
- The employment to population ratio declined to 64.3%, down 0.3 percentage points from August. In February it stood at 68.1%. It stands at 56.6% nationally.
- The labor force participation rate dropped to 68.4%, a full 1.3 percentage points from August. The last time the labor force participation rate was this low was in 1978. It stood at 70.2% in February 2020. It stands at 61.4% nationally.
- Based on **six month moving averages** (April to September 2020 data) unemployment rates by race in September for Minnesota are as follows (including CPS unemployment for the total labor force:

Month/Year	Total (%)	Black (%)	Hispanic (%)	White (%)
September 2020	7.8	16.5	9.7	6.9
August 2020	7.6	16.3	9.7	6.7
September 2019	2.8	5.1	3.1	2.7
Monthly change	+0.2	+0.2	0.0	+0.2
Annual change	+5.0	+11.4	+6.6	+4.2

- Note that these estimates differ from the official statewide estimate by a fairly large margin (and are moving in the opposite direction) because they are calculated from 6 months of data rather than a single month.

Details

Mining and Logging: Mining and Logging employment was up by 100 (0.9%) in September, the second consecutive month of seasonally-adjusted growth for the supersector. Over the year (OTY), mining and logging lost 1,037 jobs (15.2%). This was a slight improvement over August's 17.2% decline. Employment in the supersector has been gradually improving every month since the large May decrease.

Construction: Employment in Construction was up by 900 (0.7%) in September, which followed an increase of 2,000 jobs in August. In spite of the seasonally adjusted increase, Construction employers lost 9,431 jobs (6.7%) on an annual basis. This was actually worse than August's 5.6% OTY job loss, bucking the overall trend of improvement in recent months. The decline was likely due at least in part to a stronger September than usual in 2019. The largest 2020 OTY decline came in Construction of Buildings, which was off by 8.9%. Heavy and Civil Engineering Construction was down by just 3.8%.

Manufacturing: Manufacturing employment was up by 2,400 (0.8%) in September. Both component sectors added 1,200 jobs, which equaled a 0.6% increase in Durable Goods Manufacturing and a 1.1% increase in Non-Durable Goods Manufacturing. The supersector has seen

seasonally adjusted increases in every month since May. Over the year, Manufacturing employers lost 15,523 jobs (4.8%), an improvement over August's 5.5% OTY job loss. Most of September's decline came in Durable Goods Manufacturing, down 12,885 (6.2%). Non-Durable Goods manufacturers lost 2,638 jobs (2.3%). Food Manufacturing, a large component of Non-Durable Goods, added 413 jobs (0.9%) over the year, making it one of few major component sectors to show positive annual growth.

Trade, Transportation, and Utilities: Trade, Transportation, and Utilities employment was up by 1,900 (0.4%) in September. Retail Trade contributed most of those jobs, up 1,200, or 0.4%, though all three component sectors had positive growth. On an annual basis, Trade, Transportation, and Utilities employment was down by 7,835, or 1.5%. Wholesale Trade lost 6,105 jobs (4.7%) and Transportation, Warehousing, and Utilities lost 6,759 (6.1%), while Retail Trade added 4,939 jobs (1.7%), putting it among the rare few major component sectors with positive annual growth.

Information: Information employment was up by 1,000 (2.5%) in September. It was the first seasonally adjusted positive growth in the supersector since June's 1,200 job increase. Over-the-year employment growth remained strongly negative, however, off by 6,271, or 13.4%, the third-worst OTY rate of any supersector in the state (after Leisure and Hospitality and Mining and Logging).

Financial Activities: Employment in Financial Activities was up by 1,500 (0.8%) in September. Most of that growth came in Real Estate and Rental and Leasing, which was up 1,400 (4.7%), while Finance and Insurance added 100 jobs (0.1%). Over the year, the supersector lost 4,953 jobs (2.6%). Most of those declines came in Real Estate and Rental and Leasing, which was off by 4,135 (11.6%). Finance and Insurance was off by 818 jobs, or 0.5%.

Professional and Business Services: Professional and Business Services added 5,600 jobs (1.5%) in September. Administrative and Support Services added 5,200 jobs (4%) and Management of Companies added 1,500 (1.8%), while Professional, Scientific, and Technical Services lost 1,100 jobs (0.7%). Over the year, the supersector lost 9,765 jobs (2.5%). Professional, Scientific, and Technical Services lost 7,499 jobs (4.7%) and Management of Companies lost 2,227 jobs (2.5%). Administrative and Support and Waste Management and Remediation Services lost just 39 jobs (0%). Its relatively strong performance was thanks to an increase of 1,379 jobs (2.3%) in the bellwether Employment Services component sector.

Education and Health Services: Education and Health Services added 6,100 jobs (1.2%) on the month, with the addition of 6,600 jobs (1.5%) in Health Care and Social Assistance overcoming the loss of 500 jobs (0.8%) in Educational Services. Over the year, the supersector lost 33,999 jobs (6.2%). Health Care and Social Assistance lost 24,100 jobs (5%) and Educational Services lost 9,899 jobs (13.7%). This was significantly worse than the 6.3% loss in Educational Services in August. The difference was likely due in large part to schools opening with lower levels of employment than in the fall of 2019, and is also reflected in public education sectors.

Leisure and Hospitality: Leisure and Hospitality employment was up by 1,600 (0.8%) in September. Accommodation and Food Service added 1,900 jobs (1.1%) while Arts, Entertainment, and Recreation lost 300 jobs (1%). Over the year, the supersector lost 71,594 jobs (25.4%). It was the largest OTY job loss of any supersector in the state, which has been the case since the initial fallout from the COVID pandemic. Arts, Entertainment, and Recreation employment was down 19,454 (39.7%) and Accommodation and Food Services was down 52,140 (22.4%).

Other Services: Other Services employment was down by 100 (0.1%) in September. This marked the end of four consecutive months of seasonally adjusted growth in the supersector, which may signal a slowing of the industry group's recovery. Over the year, Other Services employers shed 12,165 jobs (10.7%). Most of that decline came in Personal and Laundry Services, the sector that includes salons and other personal care services, which lost 10,352 jobs (36.2%). Religious, Grantmaking, Civic, Professional, and Similar Organizations lost 2,112 jobs (3.4%) while Repair and Maintenance added 299 jobs (1.3%).

Government: Government employment was off by 6,200 jobs (1.5%) in September, with declines in all three component sectors. Local Government lost 3,700 jobs (1.4%) and State Government lost 2,000 (2.1%). Over the year, Government employment was down 30,948 (7.3%). This was notably worse than August's 5.9% OTY loss, with worsening situations in State Government Education (down 10.6%, from 6.6% in August) and Local Government Non-Education (down 11.3%, from 8.1% in August).

Regional: Duluth-Superior MN-WI MSA continued to see the largest over the year decline, down 8.6%. Minneapolis-St. Paul MN-WI MSA saw a decline of 6.7%, a slight improvement over last month. Rochester MSA declined by 5.9%, also an improvement over August. St. Cloud lost 3.7% and Mankato lost 4.9% of payroll jobs over the year.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	-136,525	-6.7
Duluth-Superior MN-WI MSA	-11,862	-8.6
Rochester MSA	-7,296	-5.9
St. Cloud MSA	-4,105	-3.7
Mankato MSA	-2,904	-4.9

Outlook

Minnesota's private sector job growth continues to make up ground against the nation, outpacing national over the year growth in Logging & Mining, Manufacturing, Trade, Transportation & Utilities and Professional & Business Services. Job growth in government, however, is down compared to the nation, likely because our portion of federal government employment is comparatively small in Minnesota.

Most sectors that were the most impacted by social distancing measures continued to bounce back in September including Retail Trade, well into positive over the year growth territory, and Leisure & Hospitality. However Other Services saw a small 100 jobs decrease in September on a seasonally adjusted basis and the job growth in Leisure & Hospitality was the slowest since the sharp drop in April, with Arts, Entertainment & Recreation down 300.

The unemployment rate continued to recover in September, down to 6.0%, but the recovery was entirely due to people dropping out of the labor force. This mirrors the observation of many companies that are currently trying to hire for seasonal or low-wage work that few people are applying for these jobs.

As has been mentioned in previous months, the path that COVID-19 takes in Minnesota and around the country will continue to impact employment and unemployment in Minnesota over the coming months. The pace of the recovery will also be impacted by the size and timing of the next federal stimulus package that is currently being debating in Washington.

Finally, we must continue to note that workers are not impacted equally in the COVID-19 recession. In general, those who work in low wage sectors are the most impacted by the job losses and those who work in the service sector are most impacted by potential health consequences of exposure. There is much overlap in these two sectors. As high unemployment and job bounce back continues at an uneven pace among industries, many of these works will continue to suffer disproportionate impacts of the pandemic and the recession.

Labor Market Information Office
MN Department of Employment and Economic Development
October 13, 2020